MainPowerTrust

2021 Annual Report

DIRECTORY

TRUSTEES

SECRETARY

Kathy Hansell	Koller & Hassall Limited

TRUST OFFICE

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BANKER

Westpac New Zealand

SOLICITORS

Simpson Grierson, Christchurch

AUDITOR

Deloitte, Christchurch

Kevin Brookfield

Kevin has been the Trust Chair since March 2018. The added time to Kevin's role with MainPower Trust effectively means other business ventures stay on hold. Alongside MainPower Trust, Kevin presides over a 15 hectare lifestyle block in Amberley. Kevin enjoys a close input with 4 growing grandchildren, and wouldn't have it any other way.

Richard Allison

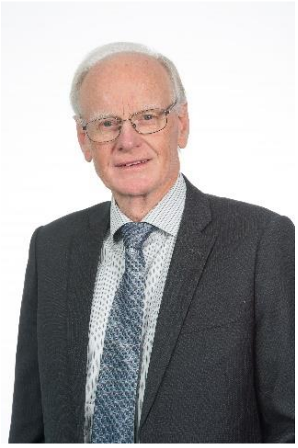
Richard was first elected to MainPower Trust in 1999 and is Deputy Chair. Following Massey University he and Jeanette worked in London and back packed around Europe. They returned to New Zealand and went farming. From 2001 they have been managing preschools in Rangiora and Christchurch.

Jo Ashby

Jo was elected to the MainPower Trust in 2013. Jo and her family run a dairy farm business they have owned for more than 20 years. She is a qualified accountant (currently retired status) having specialised in rural accounting. Jo has been involved with a number of community organisations over the more than 35 years she has lived in the Waimakariri district.

Quentin de Hamel

Quentin works locally as a solicitor. His specialist areas are in property law, commercial transactions, conveyancing, farming, leases and business advice. He has been on the Board of Trustees of both Rangiora Borough School and Rangiora High School. He is also actively involved in the local Lions Club. Quentin is married with two adult children and lives in Rangiora.



Allan Berge

Allan was elected as a Trustee in March 2017. Allan held the position of Chief Executive and Managing Director of MainPower for 28 years prior to his retirement in 2015.

Allan is a qualified Chartered Accountant and a member of the Institute of Chartered Accountants Australia and New Zealand, a Fellow of the Institute of Management New Zealand and a member of the Institute of Directors.

Andrew Thompson

Andrew is Deputy Chairman of the Woodend-Sefton Community Board, a member of the Northern Pegasus Bay Advisory Group and a trustee of Presbyterian Support Upper South Island. He has been the General Manager of a horticultural export business and has previously held senior commercial roles with Fulton Hogan and Sealord. He is a Fellow of the Institute of Chartered Accountants Australia and New Zealand. A development role with MainPower in the mid-2000's advancing the Mt Cass windfarm and energy efficiency programmes cemented his interest in the electricity industry.

Gary Walton

Gary was elected to the Trust in 2020. He is married to Julie, has five children and two grandchildren. Together, they intensively farm a small block in Loburn, producing eggs at the gate, beef, lamb and a range of vegetables. Gary operates his own farm advisory business and is the Chairman of Loburn Irrigation Company.

CHAIRMAN'S REPORT

to the Annual General Meeting Thursday 19th August 2021

Welcome to the MainPower Trust 2021 Annual General Meeting, covering the 12 months to 31st March this year.

In attendance we have all 7 of our Trustees – in no particular order – myself, Jo, Quentin, Richard, Andrew, Allan and Gary. Please feel free to meet and engage with any of us. Effectively we are the same group as last year; our next election cycle comes through in March 2023.

One of the most important annual responsibilities of the Trust is the appointment process of the Company Directors. In recent years our approach has been to "seek and select" the best possible candidates to provide the balanced mix of competencies MainPower deserves and needs. Our current Board is functioning well, so we were delighted when Fraser Jonker and Brian Wood both agreed to accept their reappointments for another 3 years.

The legal requirements necessary to meet the demand of the Trust Deed upgrades were completed earlier this year, and we have initiated a review of the Company Constitution in collaboration with the Board. This will embrace changes now necessary given it's been 24 years since this formal governance document was adopted, and we needed the update to reflect today's prevailing Best Practice requirements.

2 weeks ago the MainPower Stadium had its public opening. Through naming rights this provided the Board with an opportunity to showcase MainPower's commitment to support the community's wellbeing in a tangible manner independent from the expectations of a reliable energy lines company. We don't want to rain on anyone's parade here: we applaud Waimakariri's decision to proceed with the building of this amenity and all power to the North Canterbury Sport and Recreation Trust in its management of the complex.

And it serves to highlight the timeframes these decisions require- as with the Mt Cass Windfarm. Wind performance data on this site has been collected for over 30 years! Consents were originally applied for over a decade ago. Again Tony will no doubt have informed the meeting of where the decision sits from the Board's perspective. Meantime, the Trust continues to be updated regularly as Board and Management work through contractual realities. I think the catchphrase from one of the gentailers is "Join the Electric Revolution". MainPower is working with that objective, but it does take time.

So, in summary, it has been another big year for the Trust.

Thanks again to our professional advisors: Simpson Grierson, Deloitte and Kathy Hansell at Koller & Hassall. Thank you for the Board for their enhanced collaborative approach with us. Thank you to Andy and his Executive team for their hard work over the past 12 months and again to the Company's full work force.

And on a personal note thank you to my fellow Trustees for contributing to an effective year making correct decisions for the years ahead.

See you next August!

Kevin W Brookfield

Chairman

MAINPOWER TRUST

FINANCIAL REPORT 2021

Audited consolidated financial statements

The Trustees are pleased to present the audited consolidated Group financial statements of MainPower Trust for the year ended 31 March 2021.

Authorised for issue on 22 July 2021
for and on behalf of trustees:

K.W. Brookfield (Chair)

R.W. Allison (Deputy Chair)

MainPower Trust Consolidated Statement of Comprehensive Income

For the year ended 31 March 2021

	Notes	Group 2021 $000	Group 2020 $000
Operating revenue	2	59,853	59,696
Other income	3	1,399	132
		61,252	59,828
Operating expenses	4	32,185	34,400
Depreciation and amortisation	5	16,054	16,487
Finance expenses	6	804	2,332
		49,043	53,219
Profit before income tax expense		**12,209**	**6,609**
Income tax expense	7	3,215	1,778
Profit after Income Tax Expense		**8,994**	**4,831**
Gain on Revaluation, Net of Deferred Tax		-	5,786
Total Comprehensive Income		**8,994**	**10,617**

The accompanying notes form part of and are to be read in conjunction with these financial statements

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MainPower Trust Consolidated Statement of Financial Position

As at 31 March 2021

	Notes	Group 2021 $000	Group 2020 $000
Current assets			
Cash and Cash Equivalents	8	1,232	6,064
Trade and Other Receivables	9	6,650	7,212
Inventories	10	3,422	3,180
Prepayments		985	1,332
Other Current Financial Assets	11	4,227	4,195
Total Current Assets		16,516	21,983
Non-current assets			
Other Financial Assets	12	9,076	7,823
Property, Plant and Equipment	13	290,892	286,983
Capital Works Under Construction	14	16,393	8,578
Right-of-Use Assets	15	14,494	17,257
Intangible Assets	16	3,076	2,963
Total Non-Current assets		333,931	323,604
Total Assets		**350,447**	**345,587**
Current liabilities			
Trade and Other Payables	17	7,319	8,868
Current Tax liabilities	7	2,291	1,053
Current Interest Rate Swaps		231	-
Other Current Financial Liabilities	18	1,985	1,920
Total current liabilities		11,826	11,841
Non-current liabilities			
Other Non-Current Financial Liabilities	19	12,718	15,524
Deferred Tax Liabilities	20	43,671	43,891
Interest Rate Swaps		2,085	3,206
Non-Current Borrowings	21	22,000	22,000
Non-Current Provisions	22	918	890
Total non-current liabilities		81,392	85,511
Trust Funds			
Retained Earnings		217,474	208,480
Asset Revaluation Reserve		39,755	39,755
Total equity attributable to members of the trust		257,229	248,235
Total liabilities and equity		**350,447**	**345,587**

The accompanying notes form part of and are to be read in conjunction with these financial statements

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MainPower Trust Consolidated Statement of Changes in Equity

For the year ended 31 March 2021

	Notes	Retained earnings $000	Asset Revaluation Reserve $000	Total equity $000
Group				
Balance at 1 April 2019		203,649	33,969	237,618
Profit for the Year from continuing operations		4,831	-	4,831
Gain on revaluation, net of deferred tax		-	5,786	5,786
Balance at 31 March 2020		208,480	39,755	248,235
Profit for the Year from continuing operations		8,994	-	8,994
Gain on revaluation, net of deferred tax		-	-	-
Balance at 31 March 2021		217,474	39,755	257,229

The accompanying notes form part of and are to be read in conjunction with these financial statements

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MainPower Trust Consolidated Cashflow Statement

For the year ended 31 March 2021

	Notes	Group 2021 $000's	Group 2020 $000's
Cash flows from operating activities			
Receipts from customers		59,969	58,490
Interest received		194	340
Dividends received		146	145
Payments to suppliers and employees		(32,981)	(32,046)
Interest and other finance costs paid		(1,347)	(1,417)
Income tax (paid)		(2,197)	(1,378)
Cash flows from discontinued operations		-	-
Net cash provided by operating activities		23,784	24,134
Cash flows from investing activities			
Proceeds from investment securities		300	400
Payment for investment securities		(212)	(189)
Payment for property, plant and equipment		(25,998)	(22,919)
Proceeds from sale of property, plant and equipment		295	195
Payment for intangible assets		(952)	(2,250)
Cash flows from discontinued operations		-	-
Net cash used in investing activities		(26,567)	(24,763)
Cash flows from financing activities			
Repayment of Lease Liabilities		(2,049)	(2,121)
Repayment of borrowing		-	-
Net cash used in financing activities		(2,049)	(2,121)
Net increase/(decrease) in cash and cash equivalents		(4,832)	(2,750)
Summary			
Cash and cash equivalents at beginning of year		6,064	8,814
Net increase/(decrease) in cash and cash equivalents		(4,832)	(2,750)
Cash and cash equivalents at end of year		1,232	6,064

The accompanying notes form part of and are to be read in conjunction with these financial statements

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Notes to the financial statements

For the year ended 31 March 2021

1. Statement of accounting policies

Reporting Entity

MainPower Trust (the 'Trust') is a Trust for the benefit of customers connected to the network of MainPower New Zealand Limited. The Group consists of MainPower Trust and MainPower New Zealand Limited and its subsidiaries.

The MainPower Trust was established by deed on 24th October 1995 and most recently amended 25th May 2021.

Statement of compliance

These financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP). They comply with New Zealand Equivalents to International Financial Reporting Standards Reduced Disclosure Regime ('NZ IFRS – RDR') and other applicable accounting standards as appropriate for profit-oriented entities.

The Group has adopted External Reporting Board Standard A1 'Accounting Standards Framework (For Profit Entities Update)' ('XRB A1'). For the purposes of complying with Generally Accepted Accounting Practice in New Zealand (NZ GAAP), the Group is eligible to apply Tier 2 For-profit Accounting Standards (New Zealand equivalents to International Financial Reporting Standards – Reduced Disclosure Regime ('NZ IFRS RDR') on the basis that it does not have public accountability and it is not a large for profit public sector entity.

Basis of financial statement preparation

The Consolidated Financial Statements have been prepared in accordance with NZ GAAP and NZ IFRS RDR.

These financial statements have been prepared on the basis of historical cost, except for the revaluation of certain financial instruments as outlined in Note 1(m) and property, plant and equipment as outlined in Note 1(e) below. Cost is based on the fair value of the consideration given in exchange for assets.

These financial statements are presented in New Zealand dollars, rounded to the nearest thousand.

Use of Estimates and Judgements

Preparing financial statements to conform with NZ IFRS RDR requires the trustees to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions have been based on historical experience and other factors that are believed to be reasonable under the circumstances. These estimates and assumptions have formed the basis for making judgements about the carrying values of assets and liabilities, where these are not readily apparent from other sources. The Group regularly reviews these estimates and assumptions. Actual results may differ from these estimates.

Specific Accounting Policies

The following significant accounting policies have been adopted in the preparation and presentation of these financial statements:

(a) Revenue recognition

The Group is in the business of providing electricity distribution and generation services.

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer.

i. *Electricity Line revenue*

Electricity Line revenue is recognised at the fair value of services provided. These revenue streams relate to the provision of Electricity distribution services, revenue is recognised over time based on an output method as the service is delivered to match the pattern of consumption.

ii. *Generation revenue*

Generation revenue is recognised at the fair value of electricity generation services provided.

iii. *Customer contribution revenue*

Customer contribution revenues are recognised at the fair value of the works completed at a point in time.

iv. *Contracting revenue*

Contracting revenue is recognised at the fair value of the works completed or goods provided. For contracts with multiple performance obligations, revenue is recognised at a point in time when the performance obligation is satisfied.

1. Statement of accounting policies continued

(a) Revenue recognition continued

v. *Revenue from sale of assets*

Revenue from sale of an asset is recognised when control of the asset is transferred.

vi. *Interest revenue*

Interest revenue is recognised in profit or loss as it accrues, using the effective interest rate method.

vii. *Dividend revenue*

Dividend revenue from investments is recognised when the shareholders' rights to receive payment have been established.

(b) Finance Expenses

Finance Expenses are expensed using the effective interest rate method to the Consolidated Statement of Comprehensive Income unless they directly relate to the construction of qualifying assets when they are capitalised.

(c) Distinction between capital and revenue expenditure

Capital expenditure is defined as all expenditure incurred in the creation of a new asset and any expenditure that results in a significant restoration or increased service potential for existing assets. Constructed assets are included in property, plant and equipment as each becomes operational and available for use. Revenue expenditure is defined as expenditure that is incurred in the maintenance and operation of the property, plant and equipment of the Group.

(d) Inventories

Inventories are valued at the lower of cost at weighted average cost price or net realisable value.

(e) Property, plant and equipment

All property, plant and equipment are initially recognised at cost less accumulated depreciation and impairment losses. The cost of purchased property, plant and equipment is the fair value of the consideration given to acquire the assets and the value of other attributable costs which have been incurred in bringing the assets to the location and condition necessary for their intended use. The cost of self-constructed assets includes the cost of materials and direct labour and an allowance for overheads.

Land and buildings are valued at fair value as determined on the basis of a periodic independent valuation prepared by external valuers, based on discounted cash flows or capitalisation of net income (as appropriate). The fair values are recognised in these Consolidated Financial Statements of the Group and are reviewed at the end of each reporting period to ensure that the carrying value of land and buildings is not materially different from fair value.

The electricity distribution network is valued at fair value as determined on the basis of a periodic independent valuation prepared by external valuers, based on a depreciated replacement cost methodology. The fair values are recognised in these Consolidated Financial Statements of the Group and are reviewed at the end of each reporting period to ensure that the carrying value of the distribution system is not materially different from fair value. Consideration is given as to whether the distribution system is impaired as detailed in note 1(h).

Any revaluation increase arising on the revaluation of land and buildings and the distribution system is credited to the asset revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation of land and buildings and the distribution system is charged as an expense in profit or loss to the extent that it exceeds the balance, if any, held in the asset revaluation reserve relating to a previous revaluation of that asset.

Capital Works Programme

The Group operates an extensive integrated electricity distribution network comprising large numbers of relatively minor individual network asset components. These components are replaced over time as part of an ongoing maintenance/ refurbishment programme, consistent with the Group's approved Asset Management Plan. Losses on contracts are taken to profit or loss in the period in which they are identified. Refer also to Note 13 Property, Plant and Equipment regarding revaluations.

1. Statement of accounting policies continued

(f) Depreciation

Depreciation is charged to the Statement of Comprehensive Income on a combination of straight line and diminishing value basis with the exception of land, at rates calculated to allocate the assets' fair value, less any residual value, over their useful lives.

Depreciation on revalued buildings and the distribution system is charged to profit or loss. On the subsequent sale or retirement of a revalued item, the attributable revaluation surplus remaining in the asset revaluation reserve, net of any related deferred taxes, is transferred directly to retained earnings.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period. The main bases for the calculation of depreciation are as follows:

	Years
Electricity distribution network	1 to 102
Buildings	1 to 100
Plant, Equipment, Vehicles, Furniture and Fittings	2 to 25
Generation Assets	1 to 50

The carrying amount for an item of property, plant and equipment is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These gains and losses are included in profit or loss. When revalued assets are sold, the amounts included in the revaluation reserve in respect of those assets are transferred to retained earnings.

(g) Intangible assets

i. *Computer software*

Acquired computer software licenses are capitalised on the basis of costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives. Usually this period does not exceed 5 years.

ii. *Research and development costs*

Expenditure on research activities is recognised as an expense in the period in which it is incurred. An intangible asset arising from development (or from the development phase of an internal project) is recognised if future benefits are expected to exceed these costs. Otherwise, development expenditure is recognised as an expense in the period in which it is incurred.

(h) Impairment of non-financial assets

The carrying amounts of the Group's assets are reviewed at each balance date to determine whether there is any indication of impairment. If any such indication exists for an asset, the asset's recoverable amount is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the consolidated entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amounts are the higher of fair value (less costs to sell) and value in use. In assessing value in use, the estimated future pre-tax cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. A cash generating unit is defined as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Goodwill is tested for impairment annually and whenever there is an indication that it may be impaired any impairment is recognised immediately in the Consolidated Statement of Comprehensive Income and is not subsequently reversed.

If a revalued asset is determined to be impaired, then the impairment is firstly applied against the related component of the revaluation reserve, with any remaining impairment loss expensed in profit or loss. If the impairment loss is subsequently reversed, the reversal is firstly applied to profit or loss to the extent of previously expensed impairment losses relating to that asset, with any further increase taken to the revaluation reserve. For assets which are not revalued, an impairment loss is expensed immediately in profit or loss. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised.

Equity instruments, being shares in subsidiaries, are deemed to be impaired whenever there is a significant or prolonged decline in fair value below the original purchase price. Any subsequent recovery of an impairment loss in respect of an investment in an equity instrument classified as available-for-sale is not reversed through profit and loss.

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1. Statement of accounting policies continued

(i) Leased assets

The Group leases certain motor vehicles, plant and equipment, sites, accessways and concessions. At contract inception all contracts are assessed as to whether they contain a lease. That is, if the contract conveys the right to control the use of the identified asset(s) for a period of time in exchange for consideration.

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and lease of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i. Right of Use Assets

The Group recognises right of use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use.) Right of use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right of use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right of use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful life of the asset, as follows:

	Years
Sites, Accessways and Concessions	3 to 50
Plant, Equipment and Vehicles	3 to 10
Electricity Distribution Equipment	20 to 21

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right of use asset is also subject to impairment in accordance with Note 1 (h).

ii. Lease Liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease period. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that do not depend on an index or rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate (IBR) at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Group's lease liabilities are included in Financial Liabilities apportioned into Current and Non-Current terms. (refer Note 23).

iii. Short-term and lease of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option.) It also applies the lease of low-value assets recognition to leases of office equipment that are considered to be low-value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Group as Lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income is accounted for on a straight-line basis over the lease terms and is included in revenue in the Consolidated Statement of Comprehensive Income due to its operating nature. Contingent rents are recognised as revenue in the period in which they are earned.

1. Statement of accounting policies continued

(j) Goods and services tax

Revenues, expenses, cash flows and assets are recognised net of the amount of goods and services tax (GST), except for receivables and payables which are recognised inclusive of GST. Where GST is not recoverable as an input tax it is recognised as part of the related asset or expense. Cash flows in respect of payments to and receipts from the Inland Revenue Department are shown net in the Consolidated Statement of Cash Flows. The Trust is not registered for GST and therefore all Trust transactions are inclusive of GST.

(k) Income tax

Income tax expense in relation to the surplus for the year comprises current tax and deferred tax. Current tax is the amount of income tax payable based on the taxable profit for the current year, plus any adjustments to income tax payable in respect of prior years. Current tax is calculated using rates that have been enacted or substantially enacted by balance date.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences or tax losses can be utilised.

Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of an asset and liability in a transaction that is not a business combination, and at the time of the transaction, affects neither accounting profit nor taxable profit. Deferred tax is recognised on taxable temporary differences arising on investments in subsidiaries, except where the company can control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, using tax rates that have been enacted or substantially enacted by balance date. Current tax and deferred tax are charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the tax is dealt with in equity.

(l) Employee benefits

Provisions made in respect of employee benefits expected to be settled within twelve months are measured at their nominal values using the remuneration rate expected to apply at the time of settlement. Provisions made in respect of employee benefits which are not expected to be settled within twelve months, such as long service, sickness and retiring leave, are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date, taking into account years of service, years to entitlement and the likelihood staff will reach the point of entitlement.

(m) Financial Instruments

The Group classifies its financial assets and liabilities into one of the categories below, depending on the purpose for which the asset was acquired, or the liability was incurred. The Group's accounting policy for each category is as follows:

i. Cash and cash equivalents
Cash and cash equivalents comprise cash on hand cash in banks, investments in money market instruments, and bank overdrafts.

ii. Foreign currency
The functional and presentation currency is New Zealand dollars. Transactions in foreign currencies are translated at the foreign exchange rate ruling on the day of the transaction. Foreign currency monetary items at balance date are translated at the exchange rate ruling at that date. Exchange differences are recognised in profit or loss in the period in which they arise.

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1. Statement of accounting policies continued

(m) Financial Instruments continued

iii. *Financial assets at amortised cost*

The Group's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the Consolidated Statement of Financial Position. Cash and cash equivalents include cash in hand, deposits held at call with banks, bonds and other short term highly liquid investments.

Accounts receivable are stated at amortised cost less impairment losses. Impairment provisions for trade receivables are based on the simplified approach within NZ IFRS 9 whereby the probability of the non-payment of the trade receivables is assessed based on an expected credit loss (ECL) approach. Trade receivables are reported net of impairment, provisions for impairment are recorded in a separate provision account with the loss being recognised within cost of sales in the Consolidated Statement of Comprehensive Income. On confirmation that the trade receivable will not be collected, the gross carrying value is written off against this provision. Inter-group balances due from subsidiaries and associates are stated at cost less impairment losses.

iv. Fair value through profit or loss

The Group has certain derivatives which are stated at fair value and the movements are recognised in the profit or loss (refer to Note 1(m)(viii)). Equities and bonds held by the Trust to provide cash flow to support Trust activities are measured at fair value, represented by the quoted price in an active market. Movements in fair value of these investments are recognised in profit or loss.

v. Payables

Trade payables and other accounts payable are recognised when the Group becomes obliged to make future payments resulting from the purchase of goods and services. Trade payables are recognised at fair value (being cost), and subsequently at amortised cost.

vi. Borrowings

Borrowings are recorded initially at fair value, net of transaction costs. Subsequent to initial recognition, borrowings are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit or loss over the period of the borrowing using the effective interest rate method.

vii. Financial instruments issued by the Group

Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangement. Interest and dividends are classified as expenses or as distributions of profit consistent with the Consolidated Statement of Financial Position classification of the related debt or equity instruments or component parts of compound instruments.

viii. Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts, interest rate swaps and cross currency swaps. Further details of derivative financial instruments are disclosed in Note 29.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss.

1. Statement of accounting policies continued

(n) Basis of consolidation

i. *Subsidiaries*
Subsidiaries are entities controlled by the Group.

The consolidated financial statements are prepared by combining the financial statements of all the entities that comprise the consolidated entity, being the Trust (the parent entity) and its subsidiaries. Consistent accounting policies are employed in the preparation and presentation of the consolidated financial statements.

On acquisition, the assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. If, after reassessment, the fair values of the identifiable net assets acquired, exceeds the cost of acquisition, the difference is credited to profit or loss in the period of acquisition. The consolidated financial statements include the information and results of each subsidiary from the date on which the Group obtains control and until such time as the Group ceases to control the subsidiary. In preparing the Consolidated Financial Statements, all inter-Group balances and transactions, and unrealised profits arising within the Group are eliminated in full.

In dealing with acquisitions from entities under common control the assets and liabilities of the entity acquired is included at their pre-acquisition carrying amount. Equity of subsidiaries are shown separately in the Consolidated Statement of Financial Position.

(o) Adoption of new and revised Standards and Interpretation

In the current year, the Group and Parent have adopted all new mandatory and amended standards and interpretations as issued by the External Reporting Board.

(p) Adoption of New and Revised Standards and Interpretations – Standards and Interpretations in Issue not yet Effective
No new accounting standards or interpretations have been adopted during the year that have a material impact on these financial statements.

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Notes to the financial statements continued

For the year ended 31 March 2021

	Group 2021 $000	Group 2020 $000

2. Operating revenue

Electricity Delivery Services Revenue	58,361	63,076
Customer Rebates	(8,224)	(10,546)
Net Lines Revenue	50,137	52,530
Capital Contributions Revenue	5,746	3,164
Contracting Revenue	2,613	2,746
Generation Revenue	825	413
Interest Revenue	178	395
Dividends	146	145
Gain on sale of Property, Plant & Equipment	44	143
Sundry Revenue	164	160
Operating revenue	59,853	59,696

Timing of Revenue Recognition

Over Time	51,450	53,643
At a Point in Time	8,403	6,053
Operating revenue	59,853	59,696

3. Other income

Fair value movement on investments	1,399	132
	1,399	132

4. Operating expenses

Bad debts written off	1	82
Directors fees and expenses	393	385
Trustees fees and expenses	135	127
Network Operations	1,869	3,518
Employee remuneration and benefits	7,661	6,483
Loss on disposal of property, plant and equipment	553	733
Loss on disposal of investment	47	-
Operating Lease Costs	66	53
Network Maintenance	5,706	5,429
Generation Production & Operations	683	234
Community Relationship Expenses	531	716
Transmission Rental Charges	10,624	12,987
Audit of the Consolidated Financial Statements	73	73
Other Audit Services	28	22
Other	3,815	3,558
Operating Expenses	32,185	34,400

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	Group 2021 $000	Group 2020 $000 Restated
5. Depreciation and Amortisation		
Depreciation Expense on Property, Plant & Equipment	13,474	13,269
Amortisation Expense on Intangible Assets	832	1,315
Amortisation Expense on Right-of-Use Assets	1,748	1,903
	16,054	16,487
6. Finance expenses		
Interest Expense on Loans	468	760
Interest Expense on Lease Liabilities	(11)	399
Interest Rate Swaps and Foreign Exchange Contracts Fair Value Movement	336	1,167
Sundry Finance Expenses	11	6
	804	2,332

7. Income taxes

Income tax expense recognised in profit
Tax expense comprises:

Current tax expense	3,292	2,742
Adjustments to Prior Years	143	(130)
Temporary Differences	(220)	(834)
Total income tax expense recognised in profit	3,215	1,778

The prima facie income tax expense on pre-tax accounting profit reconciles to the income tax expense in the financial statements as follows:

Profit before tax	12,209	6,609
Prima facie income tax expense calculated at respective tax	3,359	1,845
Other permanent differences	(1)	63
	3,358	1,908
Over-provision of income tax in previous year	143	(130)
Total income tax expense recognised in profit	3,215	1,778

The tax rates used in the above reconciliation are the trustee tax rate of 33% payable by New Zealand trustees on taxable income, and the company tax rate of 28% payable by New Zealand companies on taxable profits under New Zealand tax law.

Losses Carried Forward
The Parent (MainPower Trust) has unrecognised tax losses to carry forward arising from unused imputation credits of $723,571 (2020: $427,965).

Current tax assets and liabilities

Current Tax Liability	2,291	1,053

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8. Cash and Cash Equivalents

	Group 2021 $000	Group 2020 $000
Current Accounts	1,232	3,064
Short Term Bank Deposits	-	3,000
	1,232	6,064

9. Trade and other receivables

	Group 2021 $000	Group 2020 $000
Trade receivables and Other Accruals	6,721	7,292
Provision for Doubtful Debts	(72)	(135)
Interest receivable	1	55
	6,650	7,212

10. Inventories

Network Distribution System Inventory on Hand	3,422	3,180

11. Other Current Financial Assets

	Group 2021 $000	Group 2020 $000
Self-Insurance Fund Investment	3,035	3,012
Forsyth Barr Portfolio	1,192	1,183
	4,227	4,195

12. Other Non-Current Financial Assets

	Group 2021 $000	Group 2020 $000
Forsyth Barr Portfolio	9,076	7,823
	9,076	7,823

13. Property, plant and equipment

	Freehold land $000	Buildings $000	Electricity distribution network $000	Plant, equipment, vehicles, furniture & fittings $000	Generation Assets* $000	Total $000
Consolidated Group						
Gross carrying amount						
Balance at 1 April 2019	4,195	17,396	274,241	14,469	15,740	326,041
Additions	-	494	16,365	596	-	17,455
Disposals	-	-	(628)	(1,253)	-	(1,881)
Revaluations	-	-	6,760	-	-	6,760
Balance at 31 March 2020	4,195	17,890	296,738	13,812	15,740	348,375
Additions	-	32	16,997	902	252	18,183
Disposals	-	-	(614)	(1,878)	-	(2,492)
Revaluations	-	-	-	-	-	-
Balance at 31 March 2021	4,195	17,922	313,121	12,836	15,992	364,066
Accumulated depreciation and impairment						
Balance at 1 April 2019	-	2,611	32,381	11,061	3,401	49,454
Disposals	-	-	(414)	(917)	-	(1,331)
Depreciation expense	-	965	11,463	578	263	13,269
Revaluations	-	-	-	-	-	-
Balance at 31 March 2020	-	3,576	43,430	10,722	3,664	61,392
Disposals	-	-	(167)	(1,525)	-	(1,692)
Depreciation expense	-	513	11,978	733	250	13,474
Balance at 31 March 2021	-	4,089	55,241	9,930	3,914	73,174
Net book value at 31 March 2020	4,195	14,314	253,308	3,090	12,076	286,983
Net book value at 31 March 2021	**4,195**	**13,833**	**257,880**	**2,906**	**12,078**	**290,892**

*Generation Assets have been included as a separate category as at 31 March 2020, having previously been reported as part of the Plant, Equipment, Vehicles, Furniture and Fittings category. Included in the Generation Assets is $9.7m for costs incurred to date in relation to the Mt Cass Wind Farm project. The remainder relates to the Cleardale Hydro Plant.

Revaluations and impairment review

Electricity distribution network

A valuation of the Group's electricity network distribution assets was undertaken by Ernst & Young as at 31 March 2020 using the discounted cashflow (DCF) basis in accordance with NZ IFRS 13 Fair Value Measurement. The Group's electricity network distribution assets were revalued to fair value of $253.36m. As at 31 March 2021, the carrying amount has been assessed for impairment and no issues were noted with the carrying value being materially the same as the fair value noted as at 31 March 2020.

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13. Property, plant and equipment continued

Revaluations and impairment review

Cleardale hydro station
The Group's Cleardale hydro station assets were reviewed for impairment at 31 March 2021. The review concluded that these assets were not impaired.

The major assumptions within the impairment review included:
- Weighted average cost of capital 5.82% to 6.33%;
- Risk Free rate based on the 10-year Government Stock yield of 1.44%;
- Forecast cashflow, including operating costs and capital expenditure;

Mt Cass project
The Group's Mt Cass assets were reviewed for impairment at 31 March 2021. The review concluded that these assets were not impaired.

The major assumptions within the impairment review included:
- Weighted average cost of capital 6.26% to 6.35%;
- Risk Free rate based on the 10-year Government Stock yield of 1.44%;
- Forecast cashflow, including operating costs and capital expenditure;

Land and non-substation buildings
The Group's Land and Buildings were revalued to fair value of $18,98m as at 31 March 2019 in accordance with the independent valuation conducted by FordBaker Limited.

Other
The Group's Plant, Equipment, Vehicles, Furniture and Fittings are carried at cost less accumulated depreciation.

14. Capital Works under construction

	Freehold Land $000	Buildings $000	Electricity Distribution Network $000	Plant, Equipment, Vehicles, Furniture & Fittings $000	Generation Assets $000	Total $000
Balance at 1 April 2019	-	-	3,114	-	-	3,114
Additions	-	494	19,689	750	1,986	22,919
Transfers	-	(494)	(16,365)	(596)	-	(17,455)
	-	-	3,324	154	1,986	5,464
Balance at 31 March 2020	-	-	6,438	154	1,986	8,578
Additions	-	32	22,934	874	2,158	25,998
Transfers	-	(32)	(16,997)	(902)	(252)	(18,183)
	-	-	5,937	(28)	1,906	7,815
Balance at 31 March 2021	**-**	**-**	**12,375**	**126**	**3,892**	**16,393**

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15. Right-of-Use Assets at Present Value

	Sites, Accessways and Concessions	Plant, Equipment and Vehicles	Electricity Distribution Equipment	Total
	$000	$000	$000	$000
Consolidated Group				
Gross carrying amount				
Balance at 1 April 2019	236	4,312	13,594	18,142
Additions	-	1,018	-	1,018
Modifications	-	-	-	-
Disposals	-	-	-	-
Balance at 31 March 2020	236	5,330	13,594	19,160
Additions	742	49	-	791
Modifications	-	(16)	(1,790)	(1,806)
Disposals	-	-	-	-
Balance at 31 March 2021	978	5,363	11,804	18,145
Accumulated depreciation				
Balance at 1 April 2019	-	-	-	-
Depreciation expense	52	886	965	1,903
Disposals	-	-	-	-
Balance at 31 March 2020	52	886	965	1,903
Depreciation expense	46	965	737	1,748
Disposals	-	-	-	-
Balance at 31 March 2021	98	1,851	1,702	3,651
Net book value at 31 March 2020	184	4,444	12,629	17,257
Net book value at 31 March 2021	**880**	**3,512**	**10,102**	**14,494**

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16. Intangible Assets

	Computer Software $000
Gross carrying amount	
Balance at 1 April 2019	4,998
Additions	2,250
Disposals	-
Balance at 31 March 2020	7,248
Additions	952
Disposals	(797)
Balance at 31 March 2021	7,403
Accumulated amortisation	
Balance at 1 April 2019	2,970
Amortisation expense	1,315
Disposals	-
Balance at 31 March 2020	4,285
Amortisation expense	832
Disposals	(797)
Balance at 31 March 2021	4,327
Net book value at 31 March 2020	2,963
Net book value at 31 March 2021	**3,076**

17. Trade and other payables

	Group 2021 $000	Group 2020 $000
Trade payables	3,843	5,808
Other Accruals	1,037	777
Employee Entitlements	1,995	2,114
GST Payable	444	169
	7,319	8,86[illegible]

18. Other Current Financial Liabilities

	Group 2021 $000	Group 2020 $000
Lease Liabilities (refer Note 23)	1,985	1,920

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19. Other Non-Current Financial Liabilities

	Group 2021 $000	Group 2020 $000
Redeemable Preference (Rebate) Shares at Cost	6	6
Lease Liabilities (refer Note 23)	12,712	15,518
	12,718	15,524

Redeemable preference (rebate) shares confer special rights to participate in a customer rebate scheme, receive notices, attend, and speak, but not vote at any general meetings of MainPower NZ Limited. 561 redeemable preference shares at 10 cents each were redeemed during the year (2020: 351).

20. Deferred Tax Liabilities

	Group 2021 $000	Group 2020 $000
Opening Balance	43,891	44,032
Charged to Profit and Loss:		
- Property, Plant & Equipment	(246)	(1,037)
- Intangible Assets	76	(6)
- Provisions	(50)	(73)
	(220)	(1,116)
Charged to Statement of Comprehensive Income:		
- Property Plant and Equipment	-	975
	-	975
Closing Balance	43,671	43,891
Represented as:		
Deferred Tax on Property, Plant and Equipment	44,218	44,465
Deferred Tax on Intangible Assets	118	41
Deferred Tax on Provisions	(665)	(615)
	43,671	43,891

21. Non-Current Borrowings

Westpac Term Loan	22,000	22,000

The Group has a multi option credit facility with Westpac New Zealand Limited of $45m which is unsecured, but subject to a negative pledge arrangement. Tranche A of $30m will expire on 31 December 2022 and tranche B of $15m on 30 June 2021. At 31 March 2021 the Group had drawn down $22m from tranche A (2020: $22m).

During the year, no interest was capitalised to the Group's Generation or Electricity Distribution Network Assets (2020: Nil).

22. Non-current provisions

	Employee Entitlements $000
Balance at 31 March 2020	890
Amounts Utilised	(452)
Other Movements	480
	28
Balance at 31 March 2021	918

The provision for long service, sick and retiring leave is an actuarial assessment of entitlements to long service, sick and retirement leave that may become due to employees in the future. The provision is affected by a number of estimates, including the expected length of service of employees and the timing of benefits being taken.

The movements in the year comprise of the amounts paid out to employees during the year, a reclassification of vested long service leave to current liabilities, movements caused by reassessment of the actuarial assumptions at the reporting date and increases for estimates in sick leave payable to employees due to continued service.

23. Lease Liabilities

	Group 2021 $000	Group 2020 $000
Opening Balance at 1 April	17,438	18,142
Additions	779	1,018
Modifications	(1,807)	-
Accretion of Interest	336	399
Payments	(2,049)	(2,121)
Closing Balance as at 31 March	14,697	17,438
Represented as:		
Current (refer Note 18)	1,985	1,920
Non-Current (refer Note 19)	12,712	15,518
	14,697	17,438

	Group 2021 $000	Group 2020 $000
The following amounts are represented in the Statement of Comprehensive Income:		
Depreciation Expense on Right-to-Use Assets	1,748	1,903
Interest Expense on Lease Liabilities	336	399
Expenses relating to Short-Term Leases	16	-
Expenses relating to Low-Value Leases	50	53
	2,150	2,355

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24. Subsidiaries

Details of the Group's material subsidiaries for the year ended 31 March 2021 are as follows:

Name of subsidiary	Principal activity	Place of Operation	Ownership Interest and Voting Power 2021	2020
MainPower New Zealand Limited	Provision of electricity infrastructure services	New Zealand	100%	100%
MPNZ Investments Limited	Provision of loan funding to MainPower New Zealand Limited	New Zealand	100%	100%
GreenPower New Zealand Limited	Non-Trading 100% Owner of Mt Cass Wind Farm Limited	New Zealand	100%	100%
Mt Cass Wind Farm Limited	Construction and operation of Wind Turbine Farm	New Zealand	100% (as 100% owner of GreenPower New Zealand Limited)	100% (as 100% owner of GreenPower New Zealand Limited)

25. Commitments

The Group was committed to capital expenditure amounting to $3.6m at the reporting date (2020: $Nil).

The Group is contractually committed to cash outflows relating to several service agreements over the next four years from the reporting date. The total committed operating expenditure for these contracts is $3.5m (2020: $0.1m), including $0.5m in the 12 months from 31 March 2021. The largest commitment is for the provision of cloud-based software services.

26. Related-party transactions

Group structure

There were no significant related party transactions within the Group during the period.

No provisions were made for doubtful debts relating to the amount of outstanding balances and no bad or doubtful debts expense was recognized in relation to related parties during the period.

	Group 2021 $000	Group 2020 $000
Key Management Personnel Compensation		
The compensation of the executives, being the key management personnel of MainPower New Zealand Ltd, is set out below:		
Employee Remuneration and Benefits	2,230	2,291

Executive staff remuneration comprises salary and other short-term benefits. MainPower executives appointed to the boards of related companies do not receive directors' fees personally.

Other transactions involving related parties

During the period, no transactions were entered into with any of the Company Directors other than the payment of Director Fees, and the reimbursement of valid company related expenses such as travel costs to Board meetings.

The Group paid directors' and trustees' fees totaling $376,000 and $128,861 respectively (2020: $358,500 and $120,151).

Key management personnel of the Group purchased sundry goods and services from Group companies during the period. The Group offers all employees and directors the option of joining its electricity retailer, Kakariki Power, and some Key Management Personnel have taken this up. Excluding Kakariki Power all other purchases by Key Management Personnel did not exceed $1,000 for any individual (2020: all less than $1,000). There were no significant outstanding balances with key management personnel at the end of the period (2020: nil). All transactions were conducted on standard commercial terms.

27. Contingent Assets and Liabilities

The Group had no significant contingent assets or liabilities as at 31 March 2021 (2020: nil).

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28. Significant events after balance date

Since balance date the $15m tranche of Westpac New Zealand Limited unsecured multi option credit facility which was due to mature on 30 June 2021 has been renewed to 30 June 2024. The Group is not aware of any other significant events between the preparation and authorisation of these Consolidated Financial Statements.

29. Financial instruments

The Group has exposure to the following risks in the normal course of the Group's business:
- Liquidity risk
- Interest Rate risk
- Credit risk

The Trustees have overall responsibility for the establishment and oversight of the Trust's risk management framework; while the Board of Directors of MainPower New Zealand Limited have overall responsibility for the establishment and oversight of the risk management framework for the remainder of the Group. The significant accounting policies and methods adopted, including the criteria for recognition and the basis of measurement applied in respect of each class of financial asset, financial liability and equity instrument are disclosed In Note 1.

Liquidity Risk Management
Liquidity risk represents the risk that the group may not be able to meet its contractual obligations.

The Group evaluates its liquidity requirements on an ongoing basis. In general, the Group generates sufficient cash flows from its operating activities to meet its contractual obligations and it has sufficient funding arrangements in place to cover potential shortfalls.

Unsecured multi option credit facility with Westpac New Zealand Limited as at 31 March 2021 matures as follows:
$30m on 31 December 2022
$15m on 30 June 2021

	Group 2021 $000	Group 2020 $000
Amount used at Reporting Date	22,000	22,000
Amount unused at Reporting Date	23,000	23,000
	45,000	45,000

Interest rate risk management
Interest rate risk is the risk that the value of the Group's assets and liabilities will fluctuate due to changes in market interest rates. The Group has interest bearing debt which is subject to interest rate variations in the market.

In accordance with the Group's treasury policy, interest rate swaps are used to manage the Group's interest rate exposure on long term floating rate borrowings within the range of 30% and 70% of borrowings. The Group has entered into interest rate swaps with Westpac Bank and annually undertakes a valuation to establish the fair value of those swaps. Any fair value gain or loss is recognized through the Consolidated Statement of Comprehensive Income.

29. Financial instruments continued

The following table details outstanding interest rate swaps as at the reporting date.

	Average contracted fixed interest rates	Notional principal swap amounts		Carrying value asset/ (Liability)	
Swap maturity dates	**%**	**2021**	**2020**	**2021**	**2020**
		$000	**$000**	**$000**	**$000**
31 March 2022	4.98	5,000	5,000	231	438
29 September 2022	4.50	5,000	5,000	306	485
30 June 2023	4.72	5,000	5,000	467	658
31 March 2024	4.76	5,000	5,000	609	808
31 March 2026	3.91	7,000	7,000	703	817
		27,000	**27,000**	**2,316**	**3,206**

	2021	2020
Disclosed as:		
Current Liabilities	231	-
Non-Current Liabilities	2,085	3,206

Credit Risk Management

Credit risk is the risk that a counterparty will default on its contractual obligations, resulting in financial loss to the Group.

The Group manages its exposure to credit risk by:

- Placing cash, short term investments and derivative instruments with registered New Zealand banks with a minimum Standard & Poor's rating in line with the MainPower New Zealand Limited treasury policy
- Performing credit evaluations on customers requiring credit wherever practical and monitoring credit exposures to individual customers.

	Group 2021 $000	Group 2020 $000
Cash and Cash Equivalents (refer Note 8)	1,232	6,064
Trade and Other Receivables (refer Note 9)	6,650	7,212
Other Current Financial Assets (refer Note 11)	4,227	4,195
Trade and Other Payables (refer Note 17)	4,865	6,585

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Independent Auditor's Report

To the Trustees of MainPower Trust

Opinion

We have audited the financial statements of MainPower Trust and its subsidiaries (the 'Group'), which comprise the consolidated statement of financial position as at 31 March 2021, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cashflow statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements, on pages 3 to 25, present fairly, in all material respects, the consolidated financial position of the Group as at 31 March 2021, and its consolidated financial performance and cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards Reduced Disclosure Regime ('NZ IFRS RDR').

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ('ISAs') and International Standards on Auditing (New Zealand) ('ISAs (NZ)'). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the Trust in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Other than in our capacity as auditor, the provision of a fraud awareness workshop and the other assurance engagement in relation to the Commerce Commission disclosure audit, we have no relationship with or interests in the Trustor any of its subsidiaries, except that partners and employees of our firm deal with the Trust and its subsidiaries on normal terms within the ordinary course of trading activities of the business of the Trust and its subsidiaries.

Other information

The Trustees are responsible on behalf of the Group for the other information. The other information comprises the information in the Annual Report that accompanies the financial statements and the audit report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information obtained prior to the date of our audit report, and consider whether it is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If so, we are required to report that fact. We have nothing to report in this regard.

Trustees' responsibilities for the consolidated financial statements

The Trustees are responsible on behalf of the Group for the preparation and fair presentation of the consolidated financial statements in accordance with NZ IFRS RDR, and for such internal control as the Trustees determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Trustees are responsible on behalf of the Group for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

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Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and ISAs (NZ) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on at the External Reporting Board's website at:

https://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-7

This description forms part of our auditor's report.

Restriction on use

This report is made solely to the Trustees, as a body, in accordance with the Trust Deed. Our audit has been undertaken so that we might state to the Trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Deloitte Limited

Mike Hoshek, Partner
For Deloitte Limited
Christchurch, New Zealand

22 July 2021

This audit report relates to the consolidated financial statements of MainPower Trust for the year ended 31 March 2021 included on the Trust's website. The Trustees are responsible for the maintenance and integrity of the Trust's website. We have not been engaged to report on the integrity of the Trust's website. We accept no responsibility for any changes that may have occurred to the consolidated financial statements since they were initially presented on the website. The audit report refers only to the consolidated financial statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these consolidated financial statements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited consolidated financial statements and related audit report dated 22 July 2021 to confirm the information included in the audited consolidated financial statements presented on this website.

Requests for Information by Beneficiaries

MainPower Trust is a signatory to the ETNZ Guidelines for Access to Information by the Beneficiaries of Electricity Community and Consumer Trusts (the Guidelines). As such, the Trust is required to provide details of requests for information by beneficiaries during the previous year (excluding items referred to in Clause 6.2 of the Guidelines). The Trust is required to provide details of the number of requests received and the cost of processing those requests. It is also required to report on the number of Trust decisions not to supply such information which have been subject to review and the cost and outcomes of such reviews.

There were no requests received in the twelve months to 31 March 2021 for information by beneficiaries other than for items included in Clause 6.2 of the Guidelines. There was therefore no additional cost to the Trust in processing any requests.

There were no instances where information was not disclosed to qualifying customers during the year to 31 March 2021. As a result there were no Trust decisions subject to review and no associated costs.